

***In the Senate of the United States,***

*October 17, 2002.*

*Resolved*, That the bill from the House of Representatives (H.R. 4878) entitled “An Act to provide for estimates and reports of improper payments by Federal agencies.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2       *This Act may be cited as the “Improper Payments In-*  
3 *formation Act of 2002”.*

1 **SEC. 2. ESTIMATES OF IMPROPER PAYMENTS AND REPORTS**  
 2 **ON ACTIONS TO REDUCE THEM.**

3 (a) *IDENTIFICATION OF SUSCEPTIBLE PROGRAMS AND*  
 4 *ACTIVITIES.*—*The head of each agency shall, in accordance*  
 5 *with guidance prescribed by the Director of the Office of*  
 6 *Management and Budget, annually review all programs*  
 7 *and activities that it administers and identify all such pro-*  
 8 *grams and activities that may be susceptible to significant*  
 9 *improper payments.*

10 (b) *ESTIMATION OF IMPROPER PAYMENT.*—*With re-*  
 11 *spect to each program and activity identified under sub-*  
 12 *section (a), the head of the agency concerned shall—*

13 (1) *estimate the annual amount of improper*  
 14 *payments; and*

15 (2) *submit those estimates to Congress before*  
 16 *March 31 of the following applicable year, with all*  
 17 *agencies using the same method of reporting, as deter-*  
 18 *mined by the Director of the Office of Management*  
 19 *and Budget.*

20 (c) *REPORTS ON ACTIONS TO REDUCE IMPROPER PAY-*  
 21 *MENTS.*—*With respect to any program or activity of an*  
 22 *agency with estimated improper payments under subsection*  
 23 *(b) that exceed \$10,000,000, the head of the agency shall*  
 24 *provide with the estimate under subsection (b) a report on*  
 25 *what actions the agency is taking to reduce the improper*  
 26 *payments, including—*

1           (1) *a discussion of the causes of the improper*  
 2           *payments identified, actions taken to correct those*  
 3           *causes, and results of the actions taken to address*  
 4           *those causes;*

5           (2) *a statement of whether the agency has the in-*  
 6           *formation systems and other infrastructure it needs*  
 7           *in order to reduce improper payments to minimal*  
 8           *cost-effective levels;*

9           (3) *if the agency does not have such systems and*  
 10          *infrastructure, a description of the resources the agen-*  
 11          *cy has requested in its budget submission to obtain*  
 12          *the necessary information systems and infrastructure;*  
 13          *and*

14          (4) *a description of the steps the agency has*  
 15          *taken to ensure that agency managers (including the*  
 16          *agency head) are held accountable for reducing im-*  
 17          *proper payments.*

18          (d) *DEFINITIONS.—For the purposes of this section:*

19               (1) *AGENCY.—The term “agency” means an ex-*  
 20               *ecutive agency, as that term is defined in section 102*  
 21               *of title 31, United States Code.*

22               (2) *IMPROPER PAYMENT.—The term “improper*  
 23               *payment”—*

24                       (A) *means any payment that should not*  
 25                       *have been made or that was made in an incor-*

1       *rect amount (including overpayments and un-*  
2       *derpayments) under statutory, contractual, ad-*  
3       *ministrative, or other legally applicable require-*  
4       *ments; and*

5               *(B) includes any payment to an ineligible*  
6       *recipient, any payment for an ineligible service,*  
7       *any duplicate payment, payments for services*  
8       *not received, and any payment that does not ac-*  
9       *count for credit for applicable discounts.*

10       *(3) PAYMENT.—The term “payment” means any*  
11       *payment (including a commitment for future pay-*  
12       *ment, such as a loan guarantee) that is—*

13               *(A) made by a Federal agency, a Federal*  
14       *contractor, or a governmental or other organiza-*  
15       *tion administering a Federal program or activ-*  
16       *ity; and*

17               *(B) derived from Federal funds or other*  
18       *Federal resources or that will be reimbursed from*  
19       *Federal funds or other Federal resources.*

20       *(e) APPLICATION.—This section—*

21               *(1) applies with respect to the administration of*  
22       *programs, and improper payments under programs,*  
23       *in fiscal years after fiscal year 2002; and*

1           (2) *requires the inclusion of estimates under sub-*  
2           *section (b)(2) only in annual budget submissions for*  
3           *fiscal years after fiscal year 2003.*

4           (f) *GUIDANCE BY THE OFFICE OF MANAGEMENT AND*  
5           *BUDGET.—Not later than 6 months after the date of enact-*  
6           *ment of this Act, the Director of the Office of Management*  
7           *and Budget shall prescribe guidance to implement the re-*  
8           *quirements of this section.*

Attest:

*Secretary.*

107TH CONGRESS  
2D SESSION

**H. R. 4878**

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**AMENDMENT**